

# SENATE BILL REPORT

## SB 5590

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As Reported By Senate Committee On:  
Financial Institutions, Housing & Consumer Protection, February 2, 2006

**Title:** An act relating to the dissolution of joint housing authorities.

**Brief Description:** Dissolving joint housing authorities.

**Sponsors:** Senators Fairley and Delvin.

**Brief History:**

**Committee Activity:** Financial Institutions, Housing & Consumer Protection: 2/9/05; 2/02/06, 2/2/06 [DPS].

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### SENATE COMMITTEE ON FINANCIAL INSTITUTIONS, HOUSING & CONSUMER PROTECTION

**Majority Report:** That Substitute Senate Bill No. 5590 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Berkey, Vice Chair; Benton, Ranking Minority Member; Benson, Brandland, Finkbeiner, Keiser, Schmidt and Spanel.

**Staff:** Jennifer Arnold (786-7471)

**Background:** There is currently no statutory process that provides for the dissolution of joint housing authorities, the related disposition of assets and obligations, and the subsequent, activation or reactivation thereof.

**Summary of Substitute Bill:** A statutory process for the dissolution of joint housing authorities is created. Joint housing authorities may be dissolved by the resolutions or ordinances of the local governments that initially authorized the creation of the housing authority. The local governments and joint housing authority are authorized to enter into an agreement as to the timing, distribution of assets, obligations and liabilities, and any other matters necessary for the dissolution.

Each resolution or ordinance that provides for the dissolution of a joint housing authority must include provisions for: (1) the activation or reactivation of the housing authority that takes effect upon the dissolution of the joint housing authority, or earlier, if so provided; and (2) the distribution of the joint housing authority's assets, obligations, and liabilities. The distribution provisions may be based on: population; the number of housing units; the number of low-income residents within the boundaries of the newly activated or reactivated housing authority; the proposed distribution's effect on the housing authority's viability; as well as any other reasonable criteria.

Each activated or reactivated housing authority is responsible for any obligations incurred to finance the acquisition, construction, or improvement of the projects, properties, and other

assets that have been distributed to the housing authority under the dissolution. However, in the event the outstanding bond issue is secured by the general revenues of the housing authority being dissolved, the housing authorities activated or reactivated remain jointly and severally liable for obligations of the previously existing joint housing authority.

**Substitute Bill Compared to Original Bill:** The local governments, which initially created the joint housing authority, can dissolve that housing authority without a resolution from the housing authority's board. Distributions of assets, obligations, and liabilities are to be considered based on the statutory criteria, but are not required to be based on those criteria. The effect of a proposed distribution on the viability of a housing authority may be considered as a basis for making distributions. It is clarified that joint and several liability exists for outstanding bond issues secured by the general revenues of the dissolving housing authority.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Testimony For:** This will help protect everyone involved in the process. It is a good idea to have an orderly way to dissolve in order to protect the people that finance these organizations.

**Testimony Against:** There are better ways to address this issue. The two governments that created the joint housing authority should have the ability to dissolve it, without the involvement of the housing authority's board.

**Who Testified:** PRO: Kurt Oreager, Vancouver Housing Authority; Norm McLoughlin, Kitsap Consolidated Housing Authority; Greg Pierce, Washington Savings League.

CON: Bob Mack, City of Pasco.